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U.S. FOREST SERVICE.

Forest land situated in Lincoln county, Ore.  
(U.S. Cong. 76th. 3d sess. Senate doc. 176.  
1940)

UNITED STATES  
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U.S. Forest Service

FOREST LAND  
SITUATED IN LINCOLN COUNTY, OREG.

LETTER  
FROM THE  
SECRETARY OF AGRICULTURE

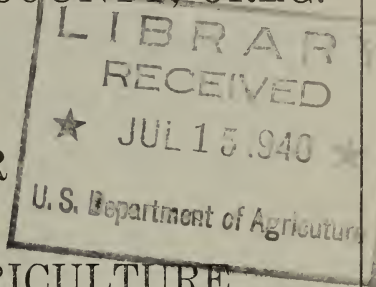
TRANSMITTING

IN RESPONSE TO SENATE RESOLUTION No. 225, A REPORT  
ON CERTAIN FOREST LAND SITUATED IN  
LINCOLN COUNTY, OREG.



MARCH 27 (legislative day, MARCH 4), 1940.—Referred to the Committee  
on Agriculture and Forestry and ordered to be printed, with an illustration

UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1940





DEPARTMENT OF AGRICULTURE,  
Washington, March 26, 1940.

THE VICE PRESIDENT,  
*United States Senate.*

DEAR MR. VICE PRESIDENT: In conformity with Senate Resolution 225, I enclose a report by Logging Engineer J. W. Girard of this Department on the lands involved in the contract dated December 17, 1920, between the United States Spruce Production Corporation and the Pacific Spruce Corporation. The data in this report were gathered by competent members of the Forest Service. The changes in the forest due to fire and windfall make it impossible to determine accurately, from evidence now on the ground, the amount of timber on the land in 1920, but the data resulting from a cruise of about 960 acres of the remaining uncut area are submitted as possibly indicative. Data are also included concerning the cruises made prior to the advertisement and sale of the property in 1920.

Very truly yours,

H. A. WALLACE,  
*Secretary.*

[S. Res. 225, 76th Cong., 3d Sess.]

RESOLUTION

*Resolved*, That the Secretary of Agriculture be, and he is hereby, authorized and directed to make or cause to be made a study of the tract of twelve thousand seven hundred and thirty-one acres of forest land situated in Lincoln County, State of Oregon, owned or controlled by the United States Spruce Production Corporation, and described in the contract between that corporation and the Pacific Spruce Corporation dated December 17, 1920, under which the commercial timber on said tract was sold to said Pacific Spruce Corporation, and to submit to the President of the Senate a report of his findings on the following two points:

1. The volume of timber of commercial species, quality, and character which by the said contract or agreement of December 17, 1920, and by statements, prospectuses, advertisements, cruises, or other declarations issued by the United States Spruce Production Corporation prior to said date was asserted to exist upon said lands and to be subject to purchase and removal.

2. The volume of timber of commercial species, quality, and character which on December 17, 1920, actually existed on said lands, so far as that can now be determined by (a) adequate cruises of the part thereof still uncut and standing on said lands, (b) reviews and analyses of all obtainable scale books, milling, shipping, and other records of the volumes of timber actually cut and removed from said lands by the Pacific Spruce Corporation or its successor, the C. D. Johnson Lumber Company, and (c) determinations on the ground of the commercial timber which was cut but not removed or was otherwise wasted or utilized.



MARCH 13, 1940.

REPORT ON LANDS SOLD BY THE UNITED STATES SPRUCE PRODUCTION CORPORATION, LINCOLN COUNTY, OREG., TO THE PACIFIC SPRUCE CORPORATION, CONTRACT DATED DECEMBER 17, 1920

Reference is made to S. Res. 225.

This resolution calls for information on the following two points:

1. The volume of timber of commercial species, quality, and character which by the said contract or agreement of December 17, 1920, and by statements, prospectuses, advertisements, cruises, or other declarations issued by the United States Spruce Production Corporation prior to said date was asserted to exist upon said lands and to be subject to purchase and removal.

2. The volume of timber of commercial species, quality, and character which on December 17, 1920, actually existed on said lands, so far as that can now be determined by (a) adequate cruises of the part thereof still uncut and standing on said lands, (b) reviews and analyses of all obtainable scale books, milling, shipping, and other records of the volumes of timber actually cut and removed from said lands by the Pacific Spruce Corporation or its successor, the C. D. Johnson Lumber Co., and (c) determinations on the ground of the commercial timber which was cut but not removed or was otherwise wasted or utilized.

C. M. Granger, Acting Chief, Forest Service, instructed me to make an examination of the forest lands described in contract between the United States Spruce Production Corporation and the Pacific Spruce Corporation dated December 17, 1920. These lands are situated in Lincoln County, Oreg. They are near Waldport, Oreg., and are all located in townships 13 and 14 south; ranges 10, 11, and 12 west, Willamette meridian.

The two points referred to in S. Res. 225 are discussed below:

Point 1. The contract signed on December 17, 1920, has attached to it "Exhibit B. Table of agreed cruises on subdivisions, all in Lincoln County, Oreg." The agreed cruises as given in exhibit B add up to a total for all species of 720,578,000.

The United States Spruce Production Corporation issued a prospectus dated September 2, 1919. This prospectus gives a detailed analysis of the properties offered for sale. On page 56 of this prospectus the following is found:

Considerable amount of topographical survey has been made of this timber and it has been quite fully cruised with the result that there is known to be available from the latest checked cruises, those on which the Government bought the timber.

	<i>Feet (board measure)</i>
Fir.....	316, 744, 500
Spruce.....	253, 765, 000
Hemlock.....	200, 476, 500
Cedar.....	15, 116, 000

Total timber stand.....	786, 102, 000
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The timber volumes as given above are for the so-called Blodgett tract, situated in Lincoln County, Oreg.

I cannot find anywhere in the prospectus what the cruising standards were, or the minimum size trees that were included in the estimate.



On page 60 of this same prospectus the following language is found under "5":

Bidders are expected to visit the properties wherever located, and carefully inspect the same in order that they may fully inform and satisfy themselves as to the quality and conditions thereof, descriptions given herein being necessarily approximate and illustrative only, and all successful bidders will be required to accept these properties in the condition in which they exist at the time of the opening of bids, no guaranty being made by the seller with respect thereto.

Point 2. I inspected a considerable portion of the cut-over area, but it is impossible to determine at this time the volume of timber of commercial species, quality, and character which on December 17, 1920, actually existed on said lands. Logging operations were started on this area in 1923 and ended in 1936. Part of the cut-over area has been burned over two or three times. A large portion of the cut-over area burned over in 1936 and the indications are that the fire was very hot. Under these conditions it is impossible to determine now with any degree of accuracy whether or not the utilization was as close as the average for the Douglas fir region.

I discussed this case with W. T. Andrews, engineer revenue agent for the Pacific coast region. He made an inspection of this area in 1930. He informed me that up to 1928, inclusive, the utilization was not different from the major practice throughout the Douglas fir-hemlock-cedar regions of western Oregon, Washington, and the Province of British Columbia. He stated that in his judgment a total net volume of recoverable merchantable timber of 488,000,000 feet was a fair estimate of the stand before any cutting took place. I know Mr. Andrews personally. He has had wide experience in timber matters and is a man of honor and integrity. I have great confidence in his judgment and am, therefore, willing to accept his statement concerning utilization up to 1928. The utilization on the area logged since that date was not in my judgment as close as that generally practiced throughout the Douglas fir region from 1920 to 1929, inclusive. This is particularly true of the hemlock.

The C. D. Johnson Lumber Corporation informed me that a large portion of the original scale sheets had been destroyed. I am submitting with this report a statement prepared by Peat, Marwick, Mitchell & Co. showing the amount of timber, according to the company's records, that has been cut and removed from the area in question. I am also submitting a statement prepared by Ralph D. Marlatt of Mason & Bruce, The Volume of Timber Scaled. This report shows the timber scaled from the lands in question and the amount of overrun, lumber tally over the log scale, by species. So far as I was able to learn there is no disagreement between the United States Spruce Production Corporation and the C. D. Johnson Lumber Corporation concerning the amount of timber scaled.

The audit made by Peat, Marwick, Mitchell & Co., accountants and auditors, shows that 409,768,360 feet has been cut, scaled, and removed from the area and 4,306,000 feet has been sold, making a total of 414,074,360 feet.

The audit made by Ralph D. Marlatt of the firm of Mason & Bruce, forest engineers, shows that the amount of timber actually removed and scaled was in round numbers 409,786,000 feet net log scale.

The area of uncut forest lands on this tract is approximately 2,000 acres. Part of this area is so badly windthrown that it would be

very difficult to determine how much timber was on this portion of the area before the storm which occurred some time in the 1930's.

The east half of section 8 and all of section 9, T. 14 S., R. 11 W. of the Willamette meridian, is fairly free from windfall. A detailed 10-percent cruise was made of this area. I cruised one quarter section; other Forest Service cruisers cruised the balance of the area. The cruisers were given the following instructions:

1. Do not tally any "wolf" trees. A wolf tree was defined as a tree so defective, crooked, or rough as to be unfit for use as sawlogs, pulpwood, or shingle bolts.

2. Tally all trees 20 inches or more in diameter that would make a 32-foot log with a 14-inch top.

3. Keep a separate estimate of old growth and second-growth stands.

4. Do not tally any trees that are more than 50-percent defective.

These are about the cruising standards that were in effect by some of the best cruising firms in 1920. The cruising standards and the utilization practices have greatly changed, as a general rule, since 1920. The high wage scale that prevails in the lumber industry on the Pacific coast at the present time makes the utilization of low-grade, No. 3 logs impractical in most cases. The cruising standards are tending more and more to an economic basis, namely, the determination separately of the volume represented by trees that will at least pay the cost of operation. Economic cruises may show the total volume in the Douglas fir region down to around 20 inches in diameter, but these cruises also show what portion of this volume can be removed at a profit.

The following tabulation shows a comparison of the Forest Service cruise with the United States Spruce Production Corporation as given in certified copy of contract exhibit B and also a comparison with the Mason & Stevens cruise for the east half of section 8 and all of section 9, T. 14 S., R. 11 W., of the Willamette meridian.

	Pacific Spruce Pro- duction Cor- poration	Mason & Stevens, 1929	Forest Service, February 1940
	<i>M feet</i>	<i>M feet</i>	<i>M feet</i>
Douglas fir.....	23,560	17,585	17,400
Spruce.....	7,190	4,380	5,530
Hemlock.....	19,080	6,380	9,160
Cedar.....	2,340		
Total.....	52,170	28,345	32,090
Cedar <sup>1</sup> .....		1,055	991
Red fir <sup>1</sup> .....		1,620	1,164
Spruce <sup>1</sup> .....		1,075	381
Hemlock <sup>1</sup> .....		12,105	9,160
Total, all material.....		44,200	43,786

<sup>1</sup> Considered by Mason & Stevens as volume not ordinarily cruised. Mason & Stevens made 3 classifications of quality. The volume listed under their subtotal was considered by them as material of relatively low value.

The cedar was considered more valuable by the Forest Service for shingles than for lumber. The red fir and spruce listed under the Forest Service subtotal is second-growth timber, judged to be about 90 years old. The hemlock shown as 9,160 M is more valuable for pulpwood than for sawlogs. The Forest Service cruise included all



reasonably good quality trees that would produce one 32-foot log with a 14-inch top, which means that trees were tallied down to about a 20-inch diameter 4½ feet above the ground.

The Mason & Stevens cruise of what they considered to be sawlog material on the east half of section 8 and all of section 9, T. 14 S., R. 11 W., of the Willamette meridian (28,345 M) is about 54 percent of that shown in the original contract between the United States Spruce Production Corporation and the Pacific Spruce Corporation. The Forest Service cruise based on what it considered good quality timber is 61 percent of this total. The difference between the Mason & Stevens and the Forest Service cruise of the hemlock suitable for sawlogs is due to a difference of opinion concerning the quality of this species. The Mason & Stevens cruise of all material on the 1½ sections listed above is about 85 percent of that shown by the United States Spruce Production Corporation; the Forest Service cruise is about 84 percent of this total.

If trees 20 inches or more in diameter are considered commercial or merchantable material, then the difference between the Mason & Stevens, Forest Service, and exhibit B cruises is nothing very unusual. It was general practice from 1908 to 1920 by some of the best cruising firms to tally trees in the Douglas fir region down to about 20 inches diameter breast high. If only the trees that can be removed at a profit are considered commercial, then there was very little volume of any species that was commercial from 1931 to 1936. Very few operators made any money during this period.

It is not known who made the original cruise of section 9 and the east half of section 8, T. 14 S., R. 11 W., of the Willamette meridian. The man that cruised this area might not have cruised the remaining portion of the area. For that reason the check cruise of this area cannot be expected to be representative of the entire area.

I am submitting with this report the following additional information:

1. Certified copy of the contract dated December 17, 1920.
2. Prospectus by United States Spruce Production Corporation, dated September 2, 1919.
3. A report by Peat, Marwick, Mitchell & Co. showing the amount of timber cut and removed according to the C. D. Johnson Lumber Corporation records.
4. A statement by Ralph D. Marlatt, firm of Mason & Bruce, designated The Volume of Timber Scaled.
5. Two maps of area in question, one of which shows the location of the uncut area.
6. A letter dated March 4, 1940, from C. A. Lyford of James D. Lacey & Co., showing their cruising standards.
7. A cruise by Mason & Stevens, 1929, showing a comparison of their cruise with exhibit B on 21 different parcels of land. The Mason & Stevens cruise was made under the direct supervision of Frank King. King has had wide experience as a cruiser on the Pacific coast. He has exceptional ability in this line of work and is honest and reliable.

#### SUMMARY

1. Fire and windfall have made it impossible to accurately determine, from evidence now on the ground, how much timber existed on the tract at the time of its sale to the Pacific Spruce Corporation.

2. A careful cruise by the Forest Service of a section and a half (960 acres) of the uncut area, in the portion which has suffered comparatively little from windfall, showed a total volume in trees 20 inches and larger in diameter of 84 percent of that given by the cruise recorded in exhibit B, and accepted by both parties to the sale in 1920. There is no certainty that this sample of 960 acres is representative of the entire area involved in that sale. If it is considered to be representative, the error in the exhibit B agreed cruise was not extremely exceptional under the standards in use by some of the leading cruising firms when it was made.

JAMES W. GIRARD,  
*Assistant Director, Forest Survey.*

# AGREEMENT ENTERED INTO ON DECEMBER 17, 1920, BY THE UNITED STATES SPRUCE PRODUCTION CORPORATION AND THE PACIFIC SPRUCE CORPORATION

This agreement made and entered into at Portland Oreg., this 17th day of December, 1920, between the United States Spruce Production Corporation, a corporation of the State of Washington, formed by direction of the director of Aircraft Production pursuant to an act of Congress entitled, "An act making appropriation for the support of the Army, etc.," approved July 9, 1918, hereinafter referred to as the "vendor," and Pacific Spruce Corporation, a corporation of the State of Delaware, hereinafter referred to as the "vendee," witnesseth:

Whereas the vendor is the owner of the following described property, namely:

(a) A sawmill partially constructed at Toledo, Lincoln County, Oreg., known as the Toledo saw mill, together with all buildings, machinery, and equipment appertaining thereto and all rights of the vendor in and to the water rights, booming rights, and the tract of land known as the mill site upon which the mill is located, and including all appurtenances thereto.

(b) The following-described railroad in Lincoln County, Oreg., said railroad being designated as "Spruce Production Railroad No. 12," sometimes known as the "Alsea Southern Railroad," and a general description of the route thereof being as follows:

Beginning at a point in the waters of Yaquina Bay near the east line of sec 16 T. 11 south, R. 11 west, Willamette Meridian; thence running in a southwesterly direction through secs. 16, 17, 20, 29, 31, and 32 in T. 11 south, R. 11 west, Willamette Meridian; thence in a southerly direction through secs. 6, 7, 18, 19, 20, 29, and 28, and 33, in T. 12 south, R. 11 west, Willamette Meridian; thence in a southwesterly direction through secs. 4, 9, 16, 17, 20, 19, in T. 13 south, R. 11 west, Willamette Meridian; thence through secs. 24, 25, and 36 in T. 13 south, R. 12 west, Willamette Meridian; thence in a southerly direction through secs. 2, 11, 14, and 23 and in an easterly direction terminating in sec. 24, all in T. 14 south, R. 12 west, Willamette Meridian; together with spurs from said railroad running into secs. 1, 12, 13, and 24 in T. 14 south, R. 12 west, Willamette Meridian.

Together with all rails, ties, switches, sidings, branches, extensions, docks, terminals, station buildings, water tanks, structures, telegraph and telephone lines and all other property real, personal, or mixed belonging to the vendor appurtenant to the said railroad. Together also with all and singular tenements, hereditaments, privileges, and appurtenances thereto belonging or in any wise appertaining,

(c) A tract of timberland approximately 10,945 acres in area, known as the Blodgett tract, and a tract of timberland approximately 1,760









acres in area acquired from the Coos Bay Lumber Co., with such additions thereto as have been acquired by vendor, all located south of the Yaquina River in Lincoln County, Oreg.; subject, to the reservation by said Coos Bay Lumber Co. of subsoil rights in said tract of 1,760 acres.

(d) The steamer *Powers* and barges *Nehalem* and *Owl*.

For a more particular description of the property intended to be covered hereby reference is made to paragraph 3 of this agreement and to the documents therein specified.

And the vendee desires to purchase said property for the sum of \$2,000,000.

Now, therefore, it is mutually agreed by and between the respective parties hereto as follows:

1. The vendor agrees to sell to the vendee and the vendee agrees to buy all of the above-described property, for the price and upon the terms and conditions following, transfer of title to said property to be made upon the full performance by the vendee of the terms and conditions of this agreement.

2. The vendee agrees to pay to the vendor for said property the sum of \$2,000,000 payable as follows: \$50,000 cash upon the execution of this agreement, receipt whereof is hereby acknowledged by the vendor, and the balance of \$1,950,000 as follows: On or before December 31, 1921, \$150,000 and on or before the 31st day of December of each successive year thereafter for a period of 9 years, the sum of \$200,000; all of said deferred payments to be evidenced by 10 promissory notes, one of said notes being in the sum of \$150,000 and nine of said notes being in the sum of \$200,000, all of even date herewith, bearing interest at the rate of 2 percent per annum until maturity and 8 percent per annum thereafter, interest payable annually on the 31st day of December in each year; it being understood that the execution of said promissory notes shall not be considered payment of the obligation provided in this contract, but merely evidence of vendee's indebtedness hereunder.

3. Until the full purchase price of \$2,000,000 together with the accrued interest on all deferred payments has been paid in full to the vendor, and the terms and conditions of this agreement have been fully performed on the part of the vendee, title to said property and all improvements made thereon shall remain in the vendor. Upon the full performance of all the terms and conditions of this agreement and the presentation of all notes herein described, duly canceled and marked "paid," or upon notice served by the vendor or its successor in interest that the vendee has made payment of all sums called for by this contract, or upon the production of conclusive evidence that such payment has been made, then and in that instance, the Portland Trust Co. of Oregon at Portland, Oreg., is authorized and directed to deliver to the vendee or to its duly authorized agent, the deeds of conveyance and bills of sale to all of the property covered by this agreement, which shall include all the personal property set forth in exhibit A hereto annexed, which deeds of conveyance and bills of sale have simultaneously with the execution of this agreement been placed with the said Portland Trust Co. of Oregon in escrow, the terms of said escrow agreement being that upon delivery to said Portland Trust Co. of Oregon of said notes duly canceled, or upon the notice or evidence of payment above provided, it is authorized

and directed to turn over said deeds of conveyance to the vendee. Vendee agrees that it has fully examined the said deeds of conveyance, bills of sale, and the abstracts of title to said property and agrees that the property rights conveyed by said deeds and bills of sale fully comply with all the terms of this contract and upon the delivery of said deeds of conveyance and bills of sale to vendee by the Portland Trust Co. of Oregon, the vendor shall be discharged from all liability under this contract. Provided that this clause in the contract shall not operate to relieve the vendor from responsibility for its own acts in conveying, assigning, or encumbering said property subsequent to the date of this contract. The vendor shall be at liberty to assign, encumber, and dispose of said property after the interest of the vendee under this agreement has been forfeited, in the event that it has been forfeited pursuant to stipulation herein contained.

4. The vendee shall be entitled to have possession of said property upon the execution of this agreement and in consideration of the payment of said initial sum of \$50,000, so long as it shall not be in default, and such possession shall carry with it full enjoyment of all rights necessary to the carrying out of this contract by the vendee and shall include especially the development and operation of said properties, subject only to the limitations herein set forth. Vendee shall have the right to cut timber on the lands covered by this agreement and to dispose of the logs or manufacture the same into lumber which may be sold or disposed of by the vendee, but the right of the vendee so to cut timber is conditioned on its punctual payment for stumpage in compliance with the stipulations and provisions hereinafter contained. Vendee agrees at all times to maintain the railroad and sawmill, with the structures appurtenant thereto, in a good and reasonably safe operating condition. In the operation of said railroad and sawmill during the life of this contract the vendee agrees to comply with all laws and lawful regulations, and to indemnify the vendor from all damage and claims of damage arising from such operation.

5. The vendee agrees within 1 year from this date to make capital expenditures upon said property to the value of \$300,000, such improvements to consist of additions and installations in or to the sawmill in the way of machinery or additional buildings, and/or improvements on the so-called Spruce Production Railroad No. 12, and/or the acquirement of railroad and logging equipment or other equipment in order to make an operating entity of the properties covered hereby. Vendee agrees that on the expiration of 1 year from this date it will furnish to the vendor a statement showing in detail the expenditures made by it in compliance with this provision of the contract and will furnish to the vendor or to such officer or representative of the vendor as may be designated by the vendor to represent it in that behalf vouchers, invoices, pay rolls, canceled checks and supporting evidence reasonably sufficient to convince vendor or such representative that the expenditures so listed have in fact been made and that the improvements are actually upon and a part of the properties covered by this agreement. The vendor shall have free access to the books and records of the vendee and property covered herein for the purpose of checking the accuracy of the statements so made by the vendee. Attached hereto marked "Exhibit A" and made a part hereof is an inventory of the machinery and fixtures now in the Toledo mill, and this inventory is attached hereto for the purpose of



allowing the agents of the vendor to determine what additions and improvements are placed thereon by vendee under the conditions herein outlined. Should vendee fail to expend \$300,000 for improvements by December 17, 1921, as herein provided, there shall be due and payable to vendor as of December 17, 1921, the difference between the value of what improvements have been made and \$300,000 if less than \$300,000 has been expended. Provided that if vendee shall be prevented by car shortage, act of God, strikes or market conditions from securing machinery, rolling stock, or other merchandise making up a part of the improvements herein specified, the amount paid by vendee to vendor under this paragraph of the contract shall be disbursed by the vendor in the payment for such machinery, rolling stock and merchandise as shall be furnished to vendee within 1 year from and after December 17, 1921, on orders placed by the vendee prior to that date. Any moneys paid to the vendor under the provisions of this paragraph (5), which shall not be disbursed by the vendor on the orders of the vendee within the time and in the manner above provided, shall be credited on the last yearly installment of the said purchase price, such credit to take effect upon the date the vendor shall receive notice from the vendee that such moneys shall be so credited.

6. Vendee agrees to pay vendor quarterly from December 31, 1920, to be credited on the annual installments in the order of their maturity, as evidenced by notes hereinbefore described, an amount equal to \$4 for every thousand feet log scale of spruce, cedar, and fir logged and \$2 for every thousand feet log scale of hemlock logged, and interest on the amount so paid shall cease as of the date of such payments. If the sums due for timber logged are not so paid by vendee quarterly when due, then such sums shall bear interest at the rate of 8 percent per annum from the quarterly due date until paid. In case the vendee shall have paid to vendor on account of the purchase price of said properties sums of money in excess of the stumpage payments in this paragraph provided for, the vendee shall be entitled to credit for such excess in subsequent quarterly settlements with the vendor on the subject of stumpage, but no payment of money made to vendor and credited on purchase price because of default of vendee in making capital expenditures as provided in paragraph 5, and no moneys realized by vendee as compensation from insurance companies as provided in paragraph 7 and credited on purchase price shall be applied to the credit of vendee in any such quarterly stumpage settlements.

Logs from vendor's lands shall be scaled as they are rafted in the water, such rafts to be numbered consecutively, each year constituting a new series of numbers. Such scale shall be made in accordance with the log scale adopted by the West Coast Lumber Manufacturers' Association, and by a duly accredited representative of the vendee which representative shall be approved by the vendor, whose scale shall be final and conclusive between the parties hereto, and accepted as the amount of timber logged and removed from vendor's lands. Complete rafts shall be scaled at once and the original scale sheets shall be immediately forwarded to the Portland office of the vendor.

Attached hereto marked "Exhibit B" and made a part hereof is a table of cruises listing the amounts of standing timber in legal subdivisions by varieties, and it is mutually agreed between the parties hereto that this table of cruises shall be the basis for all future calcu-

lations wherein any question arises as to the quantity of timber taken from any of said legal subdivisions, the only exception being where the total log-scale measure of all the logs removed from the timberlands covered hereby during any current year exceeds in amount the cruise measurements for the timber taken from such land during such year, in which case the log-scale measure shall govern. Cruise measurements shall be determined in the following manner: There shall be an annual survey made of the total area or areas, which has or have been cut over, and from which timber has been removed, and this area or areas shall be mapped out as of the 31st day of December in each year. Where such survey shows only a fractional portion of some of the subdivisions listed herein to have been cut over, the cruise scale of such timber cut and removed shall be determined by taking that proportion of the entire cruise scale for such subdivisions as the ratio of the area of land shown to have been logged over and from which timber has been removed in such subdivisions bears to the entire area of such subdivisions. To this amount shall be added the sum of the cruise scale of every subdivision which is shown by such survey to have been entirely cut over and from which the timber so cut has been removed, and this total shall be accepted as the cruise scale, except as modified in the following paragraph. In case this cruise scale shall exceed the log scale, payment for such excess shall be made at the same rates as hereinbefore set forth and by February 1 of the following year, and applied on the installments in the same manner as other payments hereinbefore described. The settlement for the amount of logs taken from the land covered hereby shall be complete and final and have no reference to any timber which may have been taken from the land in any preceding year. The surveyor shall be duly licensed in the State of Oregon and shall be selected by vendor and satisfactory to vendee. The cost of all surveys and scaling of logs under this agreement shall be borne by the vendee.

Title to all logs shall remain in the vendor until paid for by vendee, but the vendee shall nevertheless have the right to saw said logs, manufacture and sell lumber therefrom, so long as it shall duly perform all the conditions of this contract on its part to be performed.

The logging of this tract shall be done in a progressive and complete manner and in such a way that the completion of any operation will have cut and removed all the merchantable timber available to such operation. The intention of this clause is that no body of topographically accessible merchantable timber shall be passed and not taken by a currently operated logging operation when it may reasonably be reached by such logging operation in the topographical show in which it is situated, but when so passed by, if passed by at all, shall be cut in the operation of the adjoining show by the time such adjoining show's operations have reached an easterly front which is approximately in line with that of the show in which the timber has been previously left standing. If such timber is not taken during this second passing by of a logging operation it shall at the time of the next annual survey be surveyed and computed and added to the total cruise survey for that year's settlements.

7. Vendee agrees to insure against loss by fire and explosion all the boilers and machinery which are either now located in or may be hereafter placed in the power plant and machine shop of the Toledo sawmill, and to insure all buildings and machinery covered by this



agreement and improvements thereto against loss by fire, all said insurance to be effected with some responsible insurance company or companies satisfactory to vendor, in sum equal to 90 percent of the appraised value of the property or in the maximum amount which the Board of Underwriters will approve on said property, the loss, if any, payable to Portland Trust Co. of Oregon, as trustee for the parties hereto, which trust company shall disburse sums so received as hereinafter provided, upon the order of vendor. It is understood that in the event vendee shall fail, refuse, or neglect to effect proper insurance as above provided and to deliver at the office of the treasurer of the vendor within 15 days of this date, such policies, then vendor may obtain in the name and at the cost of the vendee such insurance. If such insurance is effected but the policy or policies therefor are not obtainable within said period of 15 days, then vendee may furnish to vendor evidence satisfactory to vendor showing that such insurance has been effected and is in force, and shall procure and deliver the insurance policy or policies as soon as possible thereafter. Any premiums for insurance so effected and paid for by vendor shall immediately become due and payable, together with interest thereon at the rate of 8 percent per annum from date of such payment.

Vendee shall have an option for the period of 6 months from the date of occurrence of a casualty within which to request the vendor to reinvest, in the repair or restoration of the property which has been damaged or destroyed, any and all moneys received from insurance companies in settlement for such damage or destruction; and vendor agrees to comply with such request, provided, that if the moneys so collected from insurance companies shall be inadequate to effect such restoration or repair, then vendee shall supply the additional funds required, and provided further, that if recovery from insurance companies shall be in amount less than the amount of loss, then vendor shall supply only such proportionate part of the cost of such repair or restoration from the funds recovered as settlement arising from such damage, as the total recovery bears to the total loss.

Vendee shall be under no obligation to restore the property to the identical condition in which it now is and in event of a total loss, vendee may relocate the mill at a different site. Such restored, repaired, or relocated property, together with the new mill site, in case of relocation, shall bear the same position, and be subject to the conditions of this contract in the same way as if the said property were now in existence and covered hereby. Such repair or restoration shall be completed within 1 year from the date of the exercise by vendee of its option to request the reinvestment of the said funds in such repair or restoration. In default of the completion of such work within such time, then all unexpended moneys paid by insurance companies shall be applied by vendor on the installment of the purchase price next to become due.

If, however, vendee fails to exercise its option to request the reinvestment of such insurance recovery within the period of 6 months from the date of the happening of the casualty, then all such moneys received by Portland Trust Co. shall be delivered to vendor and shall be applied as other sums due from vendee are to be applied on the installment or installments on the purchase price next to become due. During the 6-month period of vendee's option with reference

to the investment of insurance moneys, the funds shall remain with Portland Trust Co. of Oregon or such other fiscal agencies located at Portland, Oreg., as may be selected by vendor and are satisfactory to vendee. In case the election shall be made to repair or restore the damaged property, such insurance moneys shall be available therefor as construction work proceeds, and shall be disbursed by vendor every 30 days during the progress of such work, on proper vouchers presented by vendee showing amounts expended during the 30 days immediately preceding.

In case some fiscal agency other than Portland Trust Co. of Oregon shall be designated, then the insurance policies shall provide that the loss shall be payable to such other fiscal agency. It shall be competent for vendor to select such other fiscal agency, satisfactory to vendee, for the performance of any or all of the functions designated herein to be discharged by Portland Trust Co. of Oregon.

8. It is agreed that no property specified herein, including that specified in paragraph 5, nor any machinery, equipment, or fixtures listed in exhibit A of this contract, shall be sold or in any way removed from the county of Lincoln, State of Oregon, except that changes in type or character, or replacements of machinery or equipment made for the purpose of improving the productive capacity of the plant which do not reduce the present valuations, shall not be considered as removals or coming within the provisions of this contract.

9. The vendee agrees to keep the properties purchased free from liens, and other lawful charges, public or private, which may take precedence over the rights of the vendor therein; provided that the vendee may in good faith at its own expense contest the validity of any such lien or claim which it believes to be contestable, and during the period of such contest shall not be deemed to be in default as to the same. The vendor agrees to allow such contest to be carried on in its name; and the vendor shall be entitled to associate its own counsel with counsel retained by vendee in such litigation. The vendor, however, reserves to itself the right to contest any such lien. The vendee agrees to pay any judgment for costs recovered against vendor in any litigation brought or defended at the instance of vendee, and also the expenses of such litigation. In case the vendee shall fail to pay any such lien whose validity is admitted, established by the judgment or decree of a court or not questioned by the vendee, it shall be competent for the vendor on 20 days' notice to the vendee to forfeit the rights of the vendee under this agreement.

Whenever the vendee shall be in default for a period of 90 days in the payment of any sum of money which it is required in this contract to pay, or whenever it shall fail or refuse for a period of 90 days after notice from the vendor to comply with any material covenant assumed by it herein, then at the option of vendor the rights of vendee hereunder and all interest of the vendee in the subject matter of this contract shall become forfeited. A failure of the vendor to exercise its right of forfeiture in one or more cases arising hereunder shall not waive the right of vendor to assert such right of forfeiture for causes subsequently arising. Said right of forfeiture shall be exercised by giving notice in writing to the vendee and the vendee agrees in such case to immediately surrender and return to the vendor the property covered by this agreement with all improvements and additions made thereon by the vendee. In case the vendee refuses to



surrender said property on the exercise by the vendor of its right of forfeiture, it shall be lawful for the vendor to immediately take possession of said property, forcibly if necessary, and to eject and expel all of the officers, agents, representatives, and employees of vendee, and vendee agrees to indemnify the vendor from any damages or claim of damage arising out of such reentry, ejection, and expulsion.

Additional mill-site facilities acquired by vendee and additional right-of-way for the railroad acquired by vendee or at the instance of the vendee shall be surrendered and assigned to vendor in case the rights of the vendee are forfeited under this contract.

10. In the event of the forfeiture of the rights of the vendee pursuant to the terms of this agreement, all moneys paid hereunder by the vendee to the vendor shall be forfeited to and retained by the vendor as rental for the use of said property and as liquidated damages for the nonperformance of this agreement, and vendee hereby releases all claims to recover any of said moneys. Destruction of or damage to said property or any part thereof by fire or other cause shall not discharge the vendee from its obligation for full performance under this contract, except insofar as vendor shall be indemnified for such destruction or damage by recovery from insurance companies and for such amounts as vendee shall have failed to cause to be reinvested in the repair or restoration of the damaged or destroyed properties, according to its option set forth in paragraph 7. Should any action or proceeding be instituted by vendor under this agreement, vendee agrees to pay a reasonable attorney's fee in addition to the costs and disbursements in said action or proceeding.

11. Vendee agrees that there is no written agreement or verbal understanding of any kind or nature with the said vendor, or any of its representatives, whereby the within agreement or any part thereof is altered, modified or varied in any manner whatsoever from the conditions above stated, or any of its conditions waived, and that it has carefully inspected the properties included in this agreement and agrees to accept the same in their present condition without warranty or guaranty as to their condition.

12. This agreement shall bind the successors and assigns of the parties, but the vendor shall not be obligated to recognize any assignment, transfer or other disposition of the rights of the vendee hereunder unless and until such assignment, transfer or disposition shall be evidenced by a writing executed by the vendee and lodged with the vendor.

13. All notices or demands upon the vendee shall be given in writing addressed and mailed in duplicate to the vendee at Toledo, Oreg., and to the office of the vendee at Portland, Oreg. Notices and demands so given shall be sufficient for all purposes under this agreement. As a condition to its right to receive notices and demands at Portland, Oreg., the vendee shall lodge with the vendor a statement of the location of the vendee's Portland office and of any changes therein.

14. The vendee hereunder is acting independently and has no authority to hold itself out as the agent of the vendor or to bind the vendor in any way and agrees to assume and pay all the handling, maintenance and other costs, charges, and expenses arising from the operation of said properties covered by this agreement and shall protect and save harmless the vendor from any liability for payment

of same, together with liability for all claims for injuries to property or persons, whether employees of vendee or otherwise.

15. Time is of the essence of this agreement.

In testimony whereof the vendor and the vendee have caused their names to be hereto signed and their corporate seals to be hereto affixed this 17th day of December 1920, by their officers, they being thereto duly authorized by their respective boards of directors.

This agreement executed in quadruplicate.

UNITED STATES SPRUCE PRODUCTION  
CORPORATION,

[CORPORATE SEAL] By CHAS. VAN WAY, *President*.  
MAX CHURCH, *Secretary*.

PACIFIC SPRUCE CORPORATION,

[CORPORATE SEAL] By FENTRESS HILL, *President*.  
By R. J. DUNHAM, *Vice President*.

Attest:

WENDELL S. KUHN,  
*Secretary*.

Approved as to form Dec. 17, 1920.

MAX CHURCH,  
*General Counsel, United States Spruce  
Production Corporation*.

Approved Dec. 17, 1920.

HENRY E. WALKER,  
*Comptroller-Treasurer United States Spruce  
Production Corporation*.

EXHIBIT B.—Table of agreed cruises on subdivisions, all in Lincoln County, Oreg.

[The following table gives quantities of timber in thousands of feet; all ranges are west and townships south of Willamette meridian and base line]

Sec.	Twp.	Range	Subdivisions	Fir	Spruce	Hemlock	Cedar	Total
1	14	12	NE $\frac{1}{4}$ NE $\frac{1}{4}$	-----	70,000	62,000	40,000	172,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$	-----	635,000	328,000	210,000	1,173,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$	-----	615,000	323,000	404,000	1,342,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$	-----	-----	-----	-----	-----
			SW $\frac{1}{4}$ NW $\frac{1}{4}$	-----	-----	-----	-----	-----
			SE $\frac{1}{4}$ NW $\frac{1}{4}$	-----	283,000	255,000	292,000	830,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$	40,000	1,800,000	342,000	-----	2,182,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$	-----	1,872,000	443,000	82,000	2,397,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$	-----	-----	-----	-----	-----
			SE $\frac{1}{4}$ SW $\frac{1}{4}$	-----	-----	-----	-----	-----
			NE $\frac{1}{4}$ SE $\frac{1}{4}$	22,000	1,983,000	360,000	202,000	2,567,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$	48,000	2,218,000	418,000	20,000	2,704,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$	20,000	3,705,000	296,000	7,000	4,028,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$	50,000	3,485,000	365,000	40,000	3,940,000
2	14	12	-----	180,000	16,666,000	3,192,000	1,297,000	21,335,000
			NE $\frac{1}{4}$ NE $\frac{1}{4}$	-----	990,000	190,000	-----	1,180,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$	-----	538,000	56,000	-----	594,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$	-----	755,000	165,000	-----	920,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$	-----	390,000	107,000	-----	497,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$	-----	705,000	320,000	-----	1,025,000
			-----	-----	3,378,000	838,000	-----	4,216,000
		12	NE $\frac{1}{4}$ NE $\frac{1}{4}$	370,000	3,180,000	350,000	30,000	3,930,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$	-----	3,810,000	240,000	80,000	4,130,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$	100,000	2,590,000	425,000	40,000	3,155,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$	2,590,000	2,220,000	465,000	250,000	5,525,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$	-----	3,420,000	230,000	60,000	3,710,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$	-----	3,000,000	330,000	70,000	3,400,000



EXHIBIT B.—Table of agreed cruises on subdivisions, all in Lincoln County, Ore.—Continued

Sec.	Twp.	Range	Subdivisions	Fir	Spruce	Hemlock	Cedar	Total
12	14	12	SW $\frac{1}{4}$ NW $\frac{1}{4}$		2,390,000	400,000		2,790,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$	80,000	3,180,000	360,000	60,000	3,680,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$		4,260,000	320,000		4,580,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$		3,450,000	400,000	50,000	3,900,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$	84,000	3,025,000	510,000		3,619,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$	300,000	3,120,000	530,000		3,950,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$	510,000	4,020,000	430,000		4,960,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$	860,000	3,411,000	615,000		4,886,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$	836,000	2,122,000	700,000		3,658,000
				5,730,000	47,198,000	6,305,000	640,000	59,873,000
13	14	12	NE $\frac{1}{4}$ NE $\frac{1}{4}$	1,490,000	2,660,000	590,000		4,740,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$	1,130,000	2,340,000	647,000		4,117,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$	1,260,000	4,395,000	515,000		6,170,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$	2,690,000	2,816,000	575,000	50,000	6,131,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$	80,000	3,114,000	630,000		3,824,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$	76,000	478,000	355,000		909,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$	440,000	4,410,000	460,000		5,310,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$	100,000	4,170,000	640,000	70,000	4,980,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$	60,000	2,320,000	557,000		2,937,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$	60,000	3,235,000	640,000		3,935,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$	180,000	3,230,000	460,000		3,870,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$	1,280,000	2,680,000	462,000	35,000	4,457,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$	890,000	3,750,000	647,000	80,000	5,367,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$	305,000	4,875,000	590,000		5,770,000
14	14	12	SE $\frac{1}{4}$ SE $\frac{1}{4}$	295,000	4,880,000	1,095,000		6,270,000
				10,336,000	49,353,000	8,863,000	235,000	68,787,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$		745,000	501,000		1,246,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$		1,700,000	662,000		2,362,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$		1,555,000	688,000		2,243,000
					4,000,000	1,851,000		5,851,000
			NE $\frac{1}{4}$ NE $\frac{1}{4}$		1,475,000	79,000		1,554,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$		2,198,000	61,000		2,259,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$		128,000	24,000		150,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$		138,000	12,000		150,000
23	14	12	NE $\frac{1}{4}$ SE $\frac{1}{4}$		910,000	542,000	20,000	1,472,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$		45,000	38,000		83,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$			40,000		40,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$		690,000	740,000		1,430,000
					5,582,000	1,536,000	20,000	7,138,000
			NE $\frac{1}{4}$ NE $\frac{1}{4}$	1,561,000	827,000	289,000		2,677,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$		1,476,000	117,000		3,022,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$		1,362,000	135,000		1,497,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$	287,000	2,412,000	206,000		2,905,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$	514,000	1,811,000	205,000		2,530,000
24	14	12	NW $\frac{1}{4}$ NW $\frac{1}{4}$		1,241,000	173,000		1,414,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$		703,000	146,000		849,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$		1,407,000	143,000		1,550,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$	43,000	1,646,000	176,000		1,865,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$		380,000	112,000		492,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$		486,000	45,000		531,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$		1,014,000	214,000		1,228,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$	418,000	606,000	133,000		1,157,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$	498,000	479,000	73,000		1,050,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$		204,000	53,000		257,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$		656,000	124,000		780,000
				4,690,000	16,710,000	2,404,000		23,804,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$	64,000	192,000	636,000		892,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$	168,000	572,000	240,000	64,000	1,044,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$	64,000	1,020,000	480,000		1,564,000
36	14	12		296,000	1,784,000	1,356,000	64,000	3,500,000
			NE $\frac{1}{4}$ NE $\frac{1}{4}$	23,000	1,400,000	410,000		1,833,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$	90,000	1,350,000	590,000		2,030,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$	10,000	995,000	205,000		1,210,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$	165,000	1,075,000	240,000	13,000	1,493,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$	100,000	2,075,000	195,000		2,370,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$		2,020,000	115,000	50,000	2,185,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$		1,744,000	455,000		2,199,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$	270,000	756,000	409,000		1,435,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$	129,000	1,351,000	310,000		1,790,000

EXHIBIT B.—Table of agreed cruises on subdivisions, all in Lincoln County, Oreg.—Continued

Sec.	Twp.	Range	Subdivisions	Fir	Spruce	Hemlock	Cedar	Total
25	14	12	NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	17,000	876,000	474,000	-----	1,367,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	-----	499,000	349,000	-----	848,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	-----	902,000	203,000	-----	1,105,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,195,000	1,370,000	785,000	-----	3,350,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	340,000	1,780,000	415,000	-----	2,535,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	190,000	1,740,000	425,000	-----	2,355,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	365,000	1,830,000	255,000	17,000	2,517,000
			-----	2,894,000	21,813,000	5,835,000	80,000	30,622,000
			-----	-----	810,000	440,000	-----	1,250,000
			-----	-----	545,000	280,000	100,000	925,000
6	14	11	Lot 17-----	-----	545,000	280,000	100,000	925,000
			Lot 19-----	-----	545,000	280,000	100,000	925,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	55,000	2,220,000	520,000	140,000	2,935,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	225,000	4,084,000	400,000	50,000	4,759,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	470,000	3,635,000	410,000	170,000	4,685,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	775,000	2,950,000	320,000	100,000	4,145,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	-----	500,000	570,000	100,000	1,170,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	70,000	265,000	420,000	365,000	1,120,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	160,000	870,000	550,000	185,000	1,765,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	90,000	345,000	510,000	280,000	1,225,000
7	14	11	-----	1,845,000	16,254,000	4,420,000	1,490,000	24,009,000
			NE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	1,405,000	640,000	320,000	160,000	2,525,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	835,000	2,325,000	390,000	325,000	3,875,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	2,320,000	455,000	860,000	45,000	3,680,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	620,000	1,000,000	590,000	160,000	2,370,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	690,000	2,175,000	310,000	115,000	3,290,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	2,040,000	1,200,000	625,000	-----	3,865,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	1,840,000	2,140,000	620,000	-----	4,600,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	3,200,000	2,020,000	330,000	50,000	5,600,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	2,425,000	2,410,000	300,000	505,000	5,640,000
8	14	11	NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,465,000	1,950,000	250,000	295,000	3,960,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,660,000	345,000	620,000	30,000	2,655,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	2,830,000	740,000	780,000	125,000	4,475,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,480,000	900,000	700,000	-----	3,080,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	2,605,000	980,000	660,000	340,000	4,585,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	2,530,000	2,400,000	750,000	95,000	5,775,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,325,000	1,010,000	1,030,000	130,000	3,495,000
			-----	29,270,000	22,690,000	9,135,000	2,375,000	63,470,000
			NE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	1,500,000	400,000	550,000	320,000	2,770,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	940,000	250,000	360,000	70,000	1,620,000
9	14	11	SW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	980,000	100,000	560,000	170,000	1,810,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	260,000	340,000	630,000	100,000	1,330,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	333,000	145,000	385,000	430,000	1,293,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	900,000	340,000	375,000	120,000	1,735,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	780,000	1,360,000	430,000	260,000	2,830,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	1,200,000	120,000	210,000	325,000	1,855,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	210,000	530,000	930,000	195,000	1,865,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	2,120,000	1,580,000	540,000	110,000	4,350,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	430,000	-----	1,050,000	-----	1,480,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,040,000	105,000	505,000	20,000	1,670,000
9	14	11	NE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	260,000	190,000	580,000	270,000	1,300,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	170,000	140,000	500,000	200,000	1,010,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	60,000	-----	850,000	-----	910,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	760,000	820,000	850,000	-----	2,430,000
			-----	11,943,000	6,420,000	9,305,000	2,590,000	30,258,000
			NE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	660,000	-----	1,050,000	120,000	1,830,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	400,000	220,000	620,000	300,000	1,540,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	740,000	420,000	910,000	-----	2,070,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	2,730,000	110,000	1,920,000	-----	4,760,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	1,850,000	480,000	850,000	70,000	3,250,000
9	14	11	NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	760,000	630,000	1,060,000	10,000	2,460,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	1,250,000	450,000	880,000	200,000	2,780,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	1,400,000	580,000	650,000	110,000	2,740,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,350,000	450,000	600,000	100,000	2,500,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	2,000,000	560,000	880,000	110,000	3,550,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	330,000	10,000	950,000	-----	1,290,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,060,000	180,000	760,000	80,000	2,080,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,630,000	120,000	1,200,000	20,000	2,970,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	650,000	500,000	950,000	-----	2,100,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	500,000	100,000	680,000	-----	1,280,000
9	14	11	SE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,320,000	140,000	240,000	90,000	1,790,000
			-----	18,630,000	4,950,000	14,200,000	1,210,000	38,990,000



EXHIBIT B.—Table of agreed cruises on subdivisions, all in Lincoln County, Ore.—Continued

Sec.	Twp.	Range	Subdivisions	Fir	Spruce	Hemlock	Cedar	Total
16	14	11	NE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	980,000	50,000	80,000	10,000	1,120,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	380,000	20,000	100,000	-----	500,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	180,000	-----	20,000	-----	200,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	320,000	-----	50,000	-----	370,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	480,000	100,000	1,120,000	-----	1,700,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	420,000	120,000	860,000	-----	1,400,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	110,000	-----	1,180,000	-----	1,290,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	1,500,000	-----	60,000	10,000	1,570,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,345,000	-----	580,000	-----	1,925,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,130,000	60,000	690,000	-----	1,880,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,464,000	232,000	436,000	-----	2,132,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	624,000	52,000	60,000	8,000	744,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	935,000	-----	45,000	-----	980,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,120,000	-----	65,000	-----	1,185,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	824,000	48,000	48,000	12,000	932,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	784,000	12,000	68,000	8,000	872,000
			-----	12,596,000	694,000	5,462,000	48,000	18,800,000
17	14	11	NE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	-----	80,000	1,450,000	-----	1,530,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	15,000	77,000	1,455,000	-----	1,547,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	450,000	120,000	1,850,000	194,000	2,614,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	-----	-----	1,695,000	-----	1,695,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	28,000	36,000	880,000	32,000	976,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	390,000	65,000	1,210,000	55,000	1,720,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	2,805,000	1,440,000	1,585,000	-----	5,830,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	555,000	530,000	2,050,000	20,000	3,155,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,607,000	370,000	840,000	265,000	3,082,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	612,000	1,065,000	590,000	495,000	2,762,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	130,000	305,000	510,000	50,000	995,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,410,000	555,000	680,000	450,000	3,095,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	510,000	360,000	1,030,000	275,000	2,175,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,110,000	2,130,000	860,000	30,000	4,130,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	60,000	370,000	870,000	60,000	1,360,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	-----	120,000	990,000	25,000	1,135,000
			-----	9,682,000	7,623,000	18,545,000	1,951,000	37,801,000
18	14	11	NE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	2,030,000	1,040,000	500,000	120,000	3,690,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	700,000	740,000	750,000	10,000	2,200,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	1,210,000	945,000	750,000	10,000	2,915,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	410,000	1,990,000	510,000	315,000	3,225,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	920,000	2,510,000	1,080,000	25,000	4,535,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	477,000	1,944,000	928,000	-----	3,349,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	3,180,000	1,275,000	515,000	-----	4,970,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	970,000	1,245,000	1,370,000	-----	3,585,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	2,590,000	2,170,000	840,000	-----	5,600,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	3,191,000	1,675,000	472,000	-----	5,338,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	650,000	2,110,000	650,000	-----	3,410,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	215,000	2,210,000	800,000	-----	3,225,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	240,000	635,000	990,000	35,000	1,900,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	3,630,000	1,025,000	1,030,000	25,000	5,710,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	2,448,000	1,345,000	1,110,000	60,000	4,963,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	810,000	270,000	820,000	-----	1,900,000
			-----	23,671,000	23,129,000	13,115,000	600,000	60,515,000
19	14	11	NE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	592,000	898,000	155,000	-----	1,648,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	1,313,000	332,000	185,000	-----	1,830,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	774,000	279,000	215,000	-----	1,268,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	184,000	156,000	47,000	-----	387,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	2,602,000	1,026,000	130,000	-----	3,758,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	2,330,000	1,352,000	101,000	-----	3,783,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	226,000	1,406,000	196,000	-----	1,828,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	588,000	626,000	136,000	-----	1,350,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	914,000	700,000	97,000	-----	1,711,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	334,000	749,000	79,000	-----	1,162,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	146,000	717,000	98,000	-----	961,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	442,000	444,000	54,000	-----	940,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	-----	-----	156,000	-----	156,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	160,000	285,000	50,000	-----	495,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	283,000	435,000	73,000	-----	791,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	-----	-----	94,000	-----	94,000
			-----	10,888,000	9,405,000	1,869,000	-----	22,162,000

EXHIBIT B.—Table of agreed cruises on subdivisions, all in Lincoln County, Oreg.—Continued

Sec.	Twp.	Range	Subdivisions	Fir	Spruce	Hemlock	Cedar	Total
20	14	11	NE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	677,000	340,000	304,000	-----	1,321,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	156,000	369,000	193,000	-----	718,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	314,000	551,000	429,000	-----	1,294,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	704,000	189,000	64,000	-----	957,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	1,290,000	763,000	217,000	-----	2,270,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	223,000	196,000	87,000	-----	506,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	316,000	209,000	101,000	-----	626,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	-----	44,000	222,000	-----	266,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	64,000	28,000	240,000	-----	332,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	84,000	40,000	224,000	16,000	364,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	76,000	172,000	424,000	-----	672,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	204,000	336,000	544,000	-----	1,084,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,700,000	264,000	416,000	8,000	2,388,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	528,000	244,000	480,000	-----	1,252,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,732,000	28,000	544,000	4,000	2,308,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,212,000	120,000	304,000	28,000	1,664,000
			-----	9,280,000	3,893,000	4,793,000	56,000	18,022,000
21	14	11	NE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	1,380,000	20,000	76,000	12,000	1,488,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	2,384,000	84,000	112,000	16,000	2,596,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	1,992,000	72,000	304,000	40,000	2,408,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	1,524,000	220,000	124,000	32,000	1,900,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	1,584,000	76,000	236,000	-----	1,896,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	2,056,000	-----	306,000	-----	2,362,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	2,864,000	1,060,000	500,000	-----	4,424,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	1,752,000	36,000	260,000	12,000	2,060,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	2,096,000	84,000	236,000	12,000	2,428,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,540,000	552,000	776,000	4,000	2,872,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,060,000	1,124,000	724,000	20,000	2,928,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	2,904,000	192,000	296,000	28,000	3,420,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,296,000	-----	176,000	25,000	1,497,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	508,000	-----	80,000	-----	588,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	548,000	48,000	36,000	-----	632,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	332,000	12,000	36,000	56,000	436,000
			-----	25,820,000	3,580,000	4,278,000	257,000	33,935,000
28	14	11	NE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	1,664,000	-----	180,000	12,000	1,856,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	2,048,000	72,000	204,000	-----	2,324,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	808,000	8,000	81,000	-----	900,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	744,000	-----	-----	-----	744,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	2,120,000	360,000	456,000	60,000	2,996,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	1,964,000	684,000	440,000	12,000	3,100,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	800,000	304,000	380,000	20,000	1,504,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	580,000	148,000	304,000	20,000	1,052,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	736,000	216,000	128,000	-----	1,080,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,664,000	-----	192,000	-----	1,856,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	984,000	8,000	80,000	12,000	1,084,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	384,000	44,000	60,000	-----	488,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,076,000	-----	88,000	-----	1,164,000
			-----	15,572,000	1,844,000	2,596,000	136,000	20,148,000
29	14	11	NE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	1,604,000	184,000	584,000	8,000	2,380,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	748,000	224,000	284,000	24,000	1,280,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	1,488,000	536,000	416,000	12,000	2,452,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	568,000	288,000	208,000	12,000	1,076,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	970,000	624,000	324,000	12,000	1,930,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	2,532,000	164,000	836,000	16,000	3,548,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	3,488,000	628,000	584,000	64,000	4,764,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	1,564,000	384,000	292,000	4,000	2,244,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	292,000	20,000	156,000	-----	468,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,140,000	760,000	310,000	60,000	2,270,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	908,000	632,000	220,000	-----	1,760,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	416,000	92,000	248,000	-----	756,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	980,000	84,000	418,000	-----	1,512,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,164,000	72,000	324,000	-----	1,560,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	692,000	124,000	264,000	-----	1,080,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	888,000	316,000	468,000	12,000	1,684,000
			-----	19,442,000	5,132,000	5,966,000	224,000	30,764,000
30	14	11	NE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	176,000	840,000	1,140,000	-----	2,156,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	128,000	404,000	936,000	-----	1,468,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	1,044,000	688,000	1,084,000	-----	2,816,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	2,396,000	936,000	1,184,000	44,000	4,560,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	168,000	48,000	332,000	-----	548,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	-----	696,000	532,000	-----	1,228,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	248,000	360,000	156,000	-----	764,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	20,000	212,000	760,000	-----	992,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	924,000	-----	60,000	-----	984,000



EXHIBIT B.—Table of agreed cruises on subdivisions, all in Lincoln County, Oreg.—Continued

Sec.	Twp.	Range	Subdivisions	Fir	Spruce	Hemlock	Cedar	Total
30	14	11	NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	2,608,000	1,240,000	352,000	-----	4,200,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	2,308,000	2,872,000	636,000	36,000	5,852,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	1,940,000	1,488,000	568,000	8,000	4,004,000
			NE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	2,344,000	1,088,000	1,512,000	20,000	4,964,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	2,176,000	924,000	1,236,000	4,000	4,340,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,720,000	972,000	512,000	32,000	3,236,000
			SE $\frac{1}{4}$ SE $\frac{1}{4}$ -----	1,308,000	2,580,000	708,000	48,000	4,644,000
				19,508,000	15,348,000	11,708,000	192,000	46,756,000
31	14	11	NE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	736,000	2,492,000	744,000	48,000	4,020,000
			NW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	1,004,000	2,732,000	724,000	28,000	4,488,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	360,000	3,900,000	864,000	8,000	5,132,000
			SE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	856,000	292,000	744,000	48,000	1,940,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	2,296,000	2,544,000	736,000	48,000	5,624,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	292,000	3,696,000	500,000	-----	4,488,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	16,000	1,924,000	432,000	-----	2,372,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	212,000	3,224,000	654,000	28,000	4,118,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	8,000	946,000	640,000	-----	1,594,000
				5,780,000	21,750,000	6,038,000	208,000	33,776,000
32	14	11	NE $\frac{1}{4}$ NE $\frac{1}{4}$ -----	636,000	284,000	684,000	-----	1,604,000
			SW $\frac{1}{4}$ NE $\frac{1}{4}$ -----	580,000	72,000	340,000	-----	992,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	970,000	370,000	352,000	8,000	1,700,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	872,000	1,008,000	260,000	8,000	2,148,000
33	14	11		3,058,000	1,734,000	1,636,000	16,000	6,444,000
			NE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	420,000	80,000	252,000	-----	752,000
			NW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	992,000	52,000	188,000	-----	1,232,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	560,000	152,000	124,000	12,000	848,000
29	13	10		1,972,000	284,000	564,000	12,000	2,832,000
			SW $\frac{1}{4}$ NW $\frac{1}{4}$ -----	920,000	-----	20,000	20,000	960,000
			SE $\frac{1}{4}$ NW $\frac{1}{4}$ -----	1,600,000	50,000	440,000	90,000	2,180,000
			NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	600,000	-----	200,000	120,000	920,000
			NW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	200,000	-----	10,000	70,000	280,000
			SW $\frac{1}{4}$ SW $\frac{1}{4}$ -----	250,000	10,000	10,000	-----	270,000
			SE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	250,000	-----	10,000	-----	260,000
			SW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	200,000	-----	-----	-----	200,000
				4,020,000	60,000	690,000	300,000	5,070,000
30	13	10	NE $\frac{1}{4}$ SW $\frac{1}{4}$ -----	760,000	-----	30,000	-----	790,000
			NW $\frac{1}{4}$ SE $\frac{1}{4}$ -----	800,000	20,000	70,000	20,000	910,000
				1,560,000	20,000	100,000	20,000	1,700,000
1	14	12	-----	180,000	16,666,000	3,192,000	1,297,000	21,335,000
2	14	12	-----	-----	3,378,000	838,000	-----	4,216,000
12	14	12	-----	5,730,000	47,198,000	6,305,000	640,000	59,873,000
13	14	12	-----	10,336,000	49,353,000	8,863,000	235,000	68,787,000
14	14	12	-----	-----	4,000,000	1,851,000	-----	5,851,000
23	14	12	-----	-----	5,582,000	1,536,000	20,000	7,138,000
24	14	12	-----	4,690,000	16,710,000	2,404,000	-----	23,804,000
25	14	12	-----	2,894,000	21,813,000	5,835,000	80,000	30,622,000
36	14	12	-----	296,000	1,784,000	1,356,000	64,000	3,500,000
6	14	11	-----	1,845,000	16,254,000	4,420,000	1,490,000	24,009,000
7	14	11	-----	29,270,000	22,690,000	9,135,000	2,375,000	63,470,000
8	14	11	-----	11,943,000	6,420,000	9,305,000	2,590,000	30,258,000
9	14	11	-----	18,630,000	4,950,000	14,200,000	1,210,000	38,990,000
14	14	11	-----	12,596,000	694,000	5,462,000	48,000	18,800,000
17	14	11	-----	9,682,000	7,623,000	18,545,000	1,951,000	37,801,000
18	14	11	-----	23,671,000	23,129,000	13,115,000	600,000	60,515,000
19	14	11	-----	10,888,000	9,405,000	1,869,000	-----	22,162,000
20	14	11	-----	9,280,000	3,893,000	4,793,000	56,000	18,022,000
21	14	11	-----	25,820,000	3,580,000	4,278,000	257,000	33,935,000
28	14	11	-----	15,572,000	1,844,000	2,596,000	136,000	20,148,000
29	14	11	-----	19,442,000	5,132,000	5,966,000	224,000	30,764,000
30	14	11	-----	19,508,000	15,348,000	11,708,000	192,000	46,756,000
31	14	11	-----	5,780,000	21,750,000	6,038,000	208,000	33,776,000
32	14	11	-----	3,058,000	1,734,000	1,636,000	16,000	6,444,000
33	14	11	-----	1,972,000	284,000	564,000	12,000	2,832,000
29	13	10	-----	4,020,000	60,000	690,000	300,000	5,070,000
30	13	10	-----	1,560,000	20,000	100,000	20,000	1,700,000
				248,663,000	311,294,000	146,600,000	14,021,000	720,578,000

The above (25 pages) is a true copy of the contract and of Schedule B, excepting that Schedule A, Inventory of General Machinery and Equipment of Toledo Sawmill No. 2, is not included.

[SEAL]

LILLIAN FERNER,  
*Notary for Oregon.*

PORTLAND, OREG., *March 4, 1940.*

My commission expires May 31, 1943.

C. D. JOHNSON LUMBER CORPORATION—REPORT ON EXAMINATION  
OF UNITED STATES SPRUCE PRODUCTION CORPORATION TRACT OF  
TIMBER, DECEMBER 17, 1920, TO NOVEMBER 30, 1939

PEAT, MARWICK, MITCHELL & Co.,  
*Portland, Oreg., March 1, 1940.*

Mr. JAMES W. GIRARD,  
*Logging Engineer, United States Forest Service,*  
*Washington, D. C.*

DEAR SIR: In accordance with the request contained in your letter of February 28, 1940, we have examined our files of reports and working papers covering examinations made of the accounts of C. D. Johnson Lumber Corporation, Toledo, Oreg., and its predecessor company, Pacific Spruce Corporation, with especial reference to the examination of the accounts pertaining to the timber tract known as the Blodgett tract, acquired by the company's predecessor under contract of purchase from the United States Spruce Production Corporation. The purpose of our examination was to prepare an analysis showing a comparison of the timber removed with the cruise as stated in schedule B of that contract and we now submit our report thereon.

Pacific Spruce Corporation, a Delaware corporation, was organized on November 10, 1920, for the purpose of purchasing and selling timberlands, and cutting, transporting, manufacturing, and selling all types of forest products. From the United States Spruce Production Corporation, a Washington corporation formed by direction of the Director of Aircraft Production pursuant to an act of Congress approved July 9, 1918, it acquired (a) a sawmill partially constructed at Toledo, Oreg., (b) a railroad in Lincoln County, Oreg., known as Spruce Production Railroad No. 12 and (c) a tract of timberland approximately 10,945 acres in area known as the Blodgett tract, and another tract of approximately 1,760 acres in area, and certain other assets and equipment, all for a purchase price of \$2,000,000, payable over a period of years, with interest, title to the properties remaining in the vendor until fully paid. The contract, besides providing for minimum payments, specified that a stumpage charge on each thousand feet of logs cut from the timberlands would be paid, based on the log scale of logs rafted, scaled in accordance with the log scale adopted by the West Coast Lumber Manufacturer's Association, by a duly credited representative of the vendee, approved by the vendor, whose scale was final and conclusive between the parties. The cruise of the lands, as per exhibit B of the contract, totaled 720,578,000 feet.

The company proceeded to complete the plant, and to log and manufacture lumber from logs cut from the Government tract and also from other tracts acquired. Operations were unsuccessful, in our opinion, due in part to high carrying charges on timber, high stumpage payments required to be made, and to shortages in timber tracts which accentuated and increased the cost of stumpage over that anticipated. Nevertheless, the company was able to finance itself through issuance of bonds, preferred and common stocks, and borrowings until February 5, 1931, when it went into receivership under the jurisdiction of the Federal court. The properties were operated from that date to November 30, 1935, by Ralph Burnside, receiver, when the C. D. Johnson Lumber Corporation, a Nevada company, took over the properties under a plan of reorganization approved by the court, and has since conducted the operations.

We have examined the accounts of Pacific Spruce Corporation and C. D. Johnson Lumber Corporation, since the inception of the former company in 1920 down to and including November 30, 1939, and our reports thereon have been rendered to the companies. The following discussion of our work in connection with examination of the timber accounts, representing timber acquired from the United States Spruce Production Corporation, are taken from those reports and from our working papers, compiled in connection with such examination.

An analysis of the timber account kept by the companies from December 17, 1920, to November 30, 1939, is presented as exhibit A, appended to this report, of which a condensed summary is as follows:

*United States Spruce Production Corporation tract*

	<i>Feet</i>
Footage per original cruise, exhibit B of contract dated Dec. 17, 1920-----	720, 578, 000
Less:	
Logs cut and removed, log scale, for the period from Dec. 17, 1920, to Nov. 30, 1939-----	409, 768, 360
Timber sold during the year 1939 (footage as per cruise)-----	4, 306, 000
	<hr/> 414, 074, 360
Balance of original cruise, less log scale of logs cut, etc-----	306, 503, 640
Estimated shortage eliminated from the account-----	255, 517, 716
	<hr/>
Footage estimated as remaining, as per the books at Nov. 30, 1939-----	50, 985, 924

During the course of the examinations made by us during the period mentioned, we checked, or tested, the accuracy of the book records as to logs cut and removed by examination of the log scale sheets prepared by scalers in accordance with the terms of the contract with the United States Spruce Production Corporation, and found the books to be in agreement therewith. In addition, we made an examination of the sales and production records of lumber produced from such logs and logs from other tracts, comparing the quantity of lumber produced with the quantity of logs sawn, and found that the overrun on logs sawn (excess footage of lumber produced over footage of logs sawn) was nominal which, in our opinion, is a further indication that the log scale in use was proper.



The shortage written off the books of 255,517,716 feet amounts to 35.46 percent of the original cruise of 720,578,000 feet. We have never made an analysis or examination of this tract from the standpoint of the original cruise on acreage cut, nor are we in a position to express an opinion as to the completeness of the timber utilization. We have, however, examined reports and statements prepared at various times by independent cruisers, namely, Leo Martin and Mason & Bruce, which led us to believe that at least ordinary care was exercised to take all merchantable timber.

The shortage percentage disclosed by the books compares closely with those developed by cruisers whose reports we have examined at various times, and statements prepared by the company, as follows:

	Cruise of area logged	Logs re- moved, log scale	Shortage	Percent
Leo Martin: Report dated Jan. 23, 1925, covering 1,810.32 acres cut 1922-24.....	163, 825, 000	110, 819, 605	53, 005, 395	32. 35
Company: Report dated Dec. 31, 1928, to that date.....	365, 827, 000	248, 378, 242	117, 448, 758	32. 11
Report dated Feb. 5, 1931, to that date.....	466, 046, 000	313, 903, 960	152, 142, 040	32. 65
Mason & Bruce: Report dated Oct. 29, 1939, covering area cut 1922-36.....	635, 621, 000	409, 768, 000	225, 853, 000	35. 53

Messrs. Mason and Bruce have also prepared a list of the original cruise of timber on lands yet unlogged which totals 81,097,000 feet, comprising 2,027.38 acres shown in exhibit B, appended hereto, which we find to be in agreement with the company's records. On the basis of an over-all shortage of 35.46 percent as estimated on the books, there would actually remain 52,340,000 feet of merchantable timber, which approximates the book balance of 50,985,924 feet.

We might further mention that as a result of information disclosed in the Leo Martin reports, we were authorized to undertake and adjust the company's Federal income-tax payments for the year 1924 with respect to additional depletion allowance, and based on the said reports, such adjustment was secured.

Yours truly,

PEAT, MARWICK, MITCHELL & Co.

*Index to statements*

*Exhibit*

United States Spruce Production Corporation tract, analysis of timber account (footage), December 17, 1920, to November 30, 1939.....	A
United States Spruce Production Corporation tract, acreage yet to be logged, as at November 30, 1939.....	B

EXHIBIT A. *United States Spruce Production Corporation tract, analyses of timber account (footage), Dec. 17, 1920, to Nov. 30, 1939*

	Beginning of year	Footage removed (log scale)	Other re- ductions	Balance at end of year
Pacific Spruce Corporation:				
Dec. 17, 1920, to Dec. 31, <sup>1</sup> 1922 .....	720, 578, 000	8, 300, 624	<sup>1</sup> 79, 422, 000	791, 699, 376
Years ended Dec. 31:				
1923 .....	791, 699, 376	56, 871, 090	-----	734, 828, 286
1924 .....	734, 828, 286	51, 211, 210	-----	683, 617, 076
1925 .....	683, 617, 076	63, 858, 053	-----	619, 759, 023
1926 .....	619, 759, 023	42, 941, 770	-----	576, 817, 253
1927 .....	576, 817, 253	19, 639, 381	-----	557, 177, 872
1928 .....	557, 177, 872	5, 556, 114	-----	551, 621, 758
1929 .....	551, 621, 758	43, 337, 204	-----	508, 284, 554
1930 .....	508, 284, 554	22, 188, 514	-----	486, 096, 040
Dec. 31, 1930, to Feb. 5, 1931 .....	486, 096, 040	-----	-----	486, 096, 040
Feb. 5, 1931, to Apr. 30, 1933 .....	486, 096, 040	20, 841, 616	-----	465, 254, 424
Apr. 30, 1933, to Dec. 31, 1934 .....	465, 254, 424	-----	-----	465, 254, 424
Dec. 31, 1934, to Dec. 1, 1935 .....	465, 254, 424	53, 764, 283	<sup>2</sup> 332, 944, 141	78, 546, 000
C. D. Johnson Lumber Corporation:				
Years ended Nov. 30:				
1936 .....	78, 546, 000	21, 258, 501	<sup>3</sup> 1, 995, 575	55, 291, 924
1937 .....	55, 291, 924	-----	-----	55, 291, 924
1938 .....	55, 291, 924	-----	-----	55, 291, 924
1939 .....	55, 291, 924	-----	<sup>4</sup> 4, 306, 000	50, 985, 924
Total .....	720, 578, 000	409, 768, 360	259, 823, 716	50, 985, 924

<sup>1</sup> *Italic figures*.—Difference between original cruise and footage set up on books of 800,000,000 feet.<sup>2</sup> Estimated shortage written off, representing the difference between the footage originally set up on the books, 800,000,000 feet, less log scale of logs removed to Dec. 1, 1935, and the estimated remaining footage set up on the books of C. D. Johnson Lumber Corporation. Of this difference, 79,422,000 feet is due to overstatement of the original cruise as originally set up on the books. A portion of this write-off was made as of Feb. 5, 1931, the date of the receivership, and the balance was eliminated from the records on Nov. 30, 1935.<sup>3</sup> Under run on basis of company estimate.<sup>4</sup> Estimated footage sold.EXHIBIT B. *United States Spruce Production Corporation tract, acreage yet to be logged, Nov. 30, 1939*

	Acres	Original cruise (footage)		Acres	Original cruise (footage)
Twp. 14 S, R 11 W.:			Twp. 14, S, R 11 W.—Con.		
Sec. 6, Lot 17 .....	40	1, 280	Sec. 16, NE $\frac{1}{4}$ NE $\frac{1}{4}$ .....	41.70	1, 120
Lot 19 .....	40	925	NW $\frac{1}{4}$ NE $\frac{1}{4}$ .....	41.70	50 <sup>a</sup>
NE $\frac{1}{4}$ SE $\frac{1}{4}$ .....	40	1, 170	SW $\frac{1}{4}$ NE $\frac{1}{4}$ .....	41.70	20 <sup>b</sup>
NW $\frac{1}{4}$ SE $\frac{1}{4}$ .....	40	1, 120	SE $\frac{1}{4}$ NE $\frac{1}{4}$ .....	41.70	370
SW $\frac{1}{4}$ SE $\frac{1}{4}$ .....	35	1, 541	Twp. 14 S, R 12 W.:		
SE $\frac{1}{4}$ SE $\frac{1}{4}$ .....	40	1, 225	Sec. 1, NE $\frac{1}{4}$ NE $\frac{1}{4}$ .....	40	172
Sec. 7, NE $\frac{1}{4}$ NE $\frac{1}{4}$ .....	25	1, 580	SW $\frac{1}{4}$ NE $\frac{1}{4}$ .....	40	1, 173
NW $\frac{1}{4}$ NE $\frac{1}{4}$ .....	5	484	SE $\frac{1}{4}$ NE $\frac{1}{4}$ .....	40	1, 342
Sec. 8, NE $\frac{1}{4}$ NE $\frac{1}{4}$ .....	40.92	2, 770	NW $\frac{1}{4}$ NW $\frac{1}{4}$ .....	40	-----
NW $\frac{1}{4}$ NE $\frac{1}{4}$ .....	40.92	1, 620	SW $\frac{1}{4}$ NW $\frac{1}{4}$ .....	40	-----
SW $\frac{1}{4}$ NE $\frac{1}{4}$ .....	40.95	1, 810	SE $\frac{1}{4}$ NW $\frac{1}{4}$ .....	40	830
SE $\frac{1}{4}$ NE $\frac{1}{4}$ .....	40.95	1, 330	NE $\frac{1}{4}$ SW $\frac{1}{4}$ .....	10	546
NE $\frac{1}{4}$ NW $\frac{1}{4}$ .....	40.92	1, 293	NW $\frac{1}{4}$ SW $\frac{1}{4}$ .....	40	2, 397
SE $\frac{1}{4}$ NW $\frac{1}{4}$ .....	40.95	1, 855	NE $\frac{1}{4}$ SE $\frac{1}{4}$ .....	10	642
NE $\frac{1}{4}$ SW $\frac{1}{4}$ .....	40.95	1, 865	NW $\frac{1}{4}$ SE $\frac{1}{4}$ .....	10	677
SE $\frac{1}{4}$ SW $\frac{1}{4}$ .....	41.01	1, 670	Sec. 2, NE $\frac{1}{4}$ NE $\frac{1}{4}$ .....	40	1, 180
NE $\frac{1}{4}$ SE $\frac{1}{4}$ .....	40.98	1, 300	SE $\frac{1}{4}$ NE $\frac{1}{4}$ .....	40	594
NW $\frac{1}{4}$ SE $\frac{1}{4}$ .....	40.98	1, 010	NE $\frac{1}{4}$ SE $\frac{1}{4}$ .....	40	920
SW $\frac{1}{4}$ SE $\frac{1}{4}$ .....	41.01	910	SE $\frac{1}{4}$ SE $\frac{1}{4}$ .....	10	256
SE $\frac{1}{4}$ SE $\frac{1}{4}$ .....	41.01	2, 430	Total .....	2, 027.38	81, 097
Sec. 9 .....	664	38, 990			

[L. P. Boundaries, R-6, Siuslaw. Spruce Production Corporation Lands]

*Comparison of Mason & Stevens 1929 cruise with United States Spruce Corporation  
Schedule B cruises on parts of the Blodgett tract cut-over*

	Sec. 16									Sec. 17		
	NW¼			SW¼			SE¼			E½ E½		
	Mason & Stevens	Percent	United States Spruce	Mason & Stevens	Percent	United States Spruce	Mason & Stevens	Percent	United States Spruce	Mason & Stevens	Percent	United States Spruce
	<i>M ft.</i>		<i>M ft.</i>	<i>M ft.</i>		<i>M ft.</i>	<i>M ft.</i>		<i>M ft.</i>	<i>M ft.</i>		<i>M ft.</i>
No. 1 Y. F	170			675			550					
No. 2 Y. F	1,435			1,920			1,095			195		
No. 3 Y. F	20			165			75			810		
DS DD fir	345			590			465					
Subtotal*	1,970	78	2,510	3,350	73	4,563	2,185	60	3,663	1,005	197	510
Red fir	715			1,780			4,530					
Total fir	2,685			5,130			6,715			1,005		
No. 1 spruce	205											
No. 2 spruce	300			30						185		
Subtotal*	505	229	220	30	(?)	344		(?)	60	185	33	560
No. 3 spruce	80			210			175			40		
Total spruce	585			240			175			225		
No. 1 hemlock*	2,060		3,220	920		1,766	90		221	3,385		5,165
No. 2 hemlock	2,825			2,110			565			2,010		
Total hemlock	4,885			3,030			625			5,395		
Total cedar			10			8	45		20	10		300
Total of items with asterisk	4,535	76	5,960	4,300	65	6,681	2,245	57	3,969	4,575	71	6,535
Total of all material	8,155			8,400			7,560			6,635		

	Sec. 17—Contd.			Sec. 20								
	NWNE; NENW; SESSE; SWSE			NE¼			NW¼			N½SW		
	Mason & Stevens	Percent	United States Spruce	Mason & Stevens	Percent	United States Spruce	Mason & Stevens	Percent	United States Spruce	Mason & Stevens	Percent	United States Spruce
	<i>M ft.</i>		<i>M ft.</i>	<i>M ft.</i>		<i>M ft.</i>	<i>M ft.</i>		<i>M ft.</i>	<i>M ft.</i>		<i>M ft.</i>
No. 1 Y. F	220			505			210					
No. 2 Y. F	420			1,155			565			45		
No. 3 Y. F	175			220			192					
DS DD fir	40			152			60			60		
Subtotal*	855	56	1,513	2,032	110	1,851	1,027	56	1,829	105	71	148
Red fir												
Total fir	855			2,032			1,027			105		
No. 1 spruce	397			1,010			747			55		
No. 2 spruce	330			145			312					
Subtotal*	727	78	1,038	1,155	79	1,449	1,059	87	1,212	55	81	68
No. 3 spruce	130			55			77					
Total spruce	857			1,210			1,136			55		
No. 1 hemlock*	1,780		3,885	1,495		990	990		627	555		464
No. 2 hemlock	1,940			1,527			1,509			740		
Total hemlock	3,720			3,022			2,418			1,295		
Total cedar	305		542	60								16
Total of items with asterisk	3,362	48	6,978	4,682	109	4,290	2,995	81	3,668	715	103	696
Total of all material	5,737			6,324			4,581			1,455		

\* Those items that would be considered merchantable in a commercial cruise.



EXHIBIT B.—Table of agreed cruises on subdivisions, all in Lincoln County, Oreg.—Continued

	Sec. 20—Contd.			Sec. 21											
	SE ¼			NE ¼			NW ¼			SW ¼					
	Mason & Stevens	Percent	United States Spruce	Mason & Stevens	Percent	United States Spruce	Mason & Stevens	Percent	United States Spruce	Mason & Stevens	Percent	United States Spruce			
	<i>M feet</i>		<i>M feet</i>	<i>M feet</i>		<i>M feet</i>	<i>M feet</i>		<i>M feet</i>	<i>M feet</i>		<i>M feet</i>	<i>M ft.</i>		
No. 1 Y. F.	1,555			2,045			2,140			930					
No. 2 Y. F.	2,430			3,185			4,205			3,770					
No. 3 Y. F.	635			320			370			360					
DS DD fir.	190			335			430			440					
Subtotal*	4,860	93	5,172	5,885	81	7,280	7,145	86	8,256	5,500	72	7,600			
Red fir.	350			1,055			490			200					
Total fir.	5,210			6,940			7,635			5,700					
No. 1 spruce.	675			150			300			625					
No. 2 spruce.	445			195			315			570					
Subtotal*	1,120	171	656	345	87	396	615	52	1,172	1,195	61	1,952			
No. 3 spruce.	92			220			175			110					
Total.	1,212			565			790			1,305					
No. 1 hemlock*	1,140		1,744	230		616	1,060		1,302	1,015		2,032			
No. 2 hemlock.	2,620			1,210			1,575			1,745					
Total hemlock.	3,760			1,440			2,635			2,760					
Total cedar.	75		40	135		100	40		12	50		64			
Total of items with asterisk.	7,120	94	7,612	6,460	77	8,392	8,820	82	10,742	7,710	66	11,648			
Total.	10,257			9,080			11,100			9,815					

	Sec. 21—Contd.			Sec. 28											
	SE¼			NE¼			NW¼			SW¼; NWSE					
	Mason & Stevens	Percent	United States spruce	Mason & Stevens	Percent	United States spruce	Mason & Stevens	Percent	United States spruce	Mason & Stevens	Percent	United States spruce			
	<i>M ft.</i>		<i>M ft.</i>	<i>M ft.</i>		<i>M ft.</i>	<i>M ft.</i>		<i>M ft.</i>	<i>M ft.</i>		<i>M ft.</i>	<i>M ft.</i>		
No. 1 Y. F.	500			1,265			2,280			1,800					
No. 2 Y. F.	1,590			2,785			2,470			2,515					
No. 3 Y. F.	110			390			350			275					
DS DD fir.	165			255			310			160					
Subtotal*	2,365	88	2,684	4,695	89	5,264	5,410	99	5,464	4,750	98	4,844			
Red fir.	1,200			2,585			165			2,940					
Total.	3,565			7,280			5,575			7,690					
No. 1 spruce.				160			1,020								
No. 2 spruce.	35			115			495			110					
Subtotal*	35	58	60	275	344	80	1,515	101	1,496	110	41	268			
No. 3 spruce.	40			135			260			465					
Total spruce.	75			410			1,775			575					
No. 1 hemlock*	150		328	480		468	1,330		1,580	440		548			
No. 2 hemlock.	575			1,075			1,430			1,290					
Total hemlock.	725			1,555			2,760			1,730					
Total cedar.	130		80	135		12	135		112	30		12			
Total of items with asterisk.	2,550	81	3,152	5,450	93	5,824	8,255	96	8,652	5,300	93	5,672			
Total.	4,495			9,380			10,245			10,025					

\* Those items that would be considered merchantable in a commercial cruise.

*Comparison of Mason & Stevens 1929 cruise with United States Spruce Corporation  
Schedule B cruises on parts of the Blodgett tract cut-over—Continued*

	Sec. 29								
	NE ¼			SW ¼			SE ¼		
	Mason & Stevens	Per- cent	United States Spruce	Mason & Stevens	Per- cent	United States Spruce	Mason & Stevens	Per- cent	United States Spruce
	<i>M ft.</i>		<i>M ft.</i>	<i>M ft.</i>		<i>M ft.</i>	<i>M ft.</i>		<i>M ft.</i>
No. 1 Y. F.-----	790			380			1,680		
No. 2 Y. F.-----	1,520			945			1,260		
No. 3 Y. F.-----	265			155			120		
DS DD fir.-----	155			325			180		
Subtotal*-----	2,730	62	4,406	1,805	65	2,756	3,240	87	3,724
Red fir.-----	265			1,115			950		
Total fir.-----	2,995			2,920			4,190		
No. 1 spruce-----	65			545			55		
No. 2 spruce-----	170			970			235		
Subtotal*-----	235	19	1,232	1,515	101	1,504	290	48	596
No. 3 spruce-----	235			205			450		
Total-----	470			1,720			740		
No. 1 hemlock*-----	1,240		1,492	565		934	780		1,504
No. 2 hemlock-----	1,475			2,100			1,685		
Total hemlock-----	2,715			2,665			2,465		
Total cedar-----	115		56	20		60			12
Total of items with asterisk-----	4,205	58	7,186	3,885	73	5,254	4,310	73	5,836
Total-----	6,295			7,325			7,395		

	Sec. 31						Total, 21 parcels		
	NE¼			NW¼					
	Mason- & Stevens	Per- cent	United States spruce	Mason & Stevens	Per- cent	United States spruce	Mason & Stevens	Per- cent	United States spruce
	<i>M feet</i>		<i>M feet</i>	<i>M feet</i>		<i>M feet</i>	<i>M feet</i>		<i>M feet</i>
No. 1 Y. F.-----	465			385			18,545		
No. 2 Y. F.-----	1,100			690			35,295		
No. 3 Y. F.-----	220			185			5,462		
DS DD fir.-----	65			45			4,767		
Subtotal *-----	1,850	62	2,956	1,305	46	2,816	64,069	80	79,809
Red fir.-----							18,340		
Total fir.-----	1,850			1,305			82,409		
No. 1 spruce.-----	3,275			3,270			12,554		
No. 2 spruce.-----	4,580			4,405			13,942		
Subtotal *-----	7,855	83	9,416	7,675	67	11,388	26,496	75	35,167
No. 3 spruce.-----	630			530			4,314		
Total spruce.-----	8,485			8,205			30,810		
No. 1 hemlock *-----	1,240		3,076	1,110		2,322	21,944	64	34,284
No. 2 hemlock.-----	1,445			1,270			32,721		
Total hemlock.-----	2,685			2,380			54,665		
Total cedar.-----	105		132	95		76	1,485		1,564
Total of items with asterisk.-----	10,945	70	15,580	10,090	61	16,602	112,509	75	150,824
Total.-----	13,125			11,985			169,369		

\* Those items that would be considered merchantable in a commercial cruise.

<sup>1</sup> Not considered merchantable by Mason & Stevens.

## THE VOLUME OF TIMBER SCALED

*The audit of the records.*—The detail as to scaling records was kept in accordance with the contract provisions:

Each raft was systematically numbered and listed separately. Each log was "gross and net" scaled and the net scale was recorded on the daily scale sheet (a sample of which is attached). Because of the storage space required, the original scale sheets were not kept, consequently, no check was possible.

The daily scale sheets were recorded on monthly summary sheets, samples of which are attached. It was from these summary sheets that the basis of quarterly settlement to the United States Spruce Corporation was made. These have been spot-checked and, in every instance, were found to be in order.

The ledger accounts of the timber contract were examined fairly completely and were found to agree with the summarized scale sheets. The payment vouchers to the United States Spruce Production Corporation<sup>1</sup> were spot-checked and, in every instance, checked with the ledger accounts.

A comparison of the timber account between the company books and the annual auditor's reports of Peat, Marwick, Mitchell & Co. revealed in every instance that they were in agreement.

The table attached summarizes my findings from the records of the company.

	<i>M feet</i>
Dean Johnson's memorandum of .....	410, 026
Ralph Marlatt's findings, verified by the company accountant.....	409, 768
Difference .....	258

This came about by putting in 256 M feet, sold to Waldport Mill Co. in 1922, twice into the records. Old records show two volumes for this year which differ by this amount. The other 2 M feet is a rounding-off error.

As a further check against the log scale, examination of the record of overrun was made. This is covered elsewhere in the memorandum.

## OVERRUN

All the logs sawed from 1922 to 1936 by the company were scaled by the same scalers; using, it is reported, the same scaling methods. If this is the case, the overrun calculated on the entire mill cut should, with reasonable accuracy, apply to those logs coming from the Blodgett tract alone.

The records of lumber produced and logs sawn for all species are complete from the beginning of 1923 to date. They represent 1,167 million feet of logs sawed which produced an average of 6.7 percent overrun. The highest year was 17.6 percent, the lowest, 1.9 percent

This same information broken down by species is not quite as complete. The information was available at the mill, but was not worked in the desired form. We have information on 7 years operation which shows:

	<i>Percent</i>
Fir.....overrun.....	9. 7
Spruce.....do.....	7. 3
Hemlock.....underrun.....	<sup>1</sup> 1. 1
Cedar.....do.....	1. 7

<sup>1</sup> Red figures.

<sup>1</sup> Payment vouchers contained signed statements by Frank Peterson United States Spruce Corporation supervisor) which verified the timber volumes on the records of United States Spruce Corporation.



An analysis of the detail is presented on the accompanying table. In computing the volume of lumber produced, the record of lumber sold, and used in construction, plus or minus lumber inventory variations were considered. In arriving at the volume of logs sawn, the log inventory in and out plus logs produced in their own operations, plus purchased logs, minus any logs sold, were considered.

#### SCALING

The contract, dated December 17, 1920, stated (a) Logs were to be scaled as they were rafted in the water; (b) scale was to be made in accordance with log scale adopted by the West Coast Lumber Manufacturers Association; (c) scaler was to be a duly accredited representative of the company, and was to be approved by the United States Spruce Production Corporation; (d) scale was to be final and conclusive between the parties.

*Scalers names.*—(1) D. A. Donovan, now deceased, scaled from beginning of contract until May 5, 1935; (2) I. D. Balderee, still with the company, has scaled all the logs coming from the tract since May 5, 1935.

Amount scaled by each scaler:

Donovan.....	1 360, 000, 000
Balderee.....	1 50, 000, 000
Total.....	1 410, 000, 000

<sup>1</sup> Approximate.

*Scaler's reputation.*—D. A. Donovan: Originally was with the C. K. Spaulding Logging Co. Worked for the Johnson Co. from 1922 until his sudden death in 1935.

1. His, C. K. Spaulding's, reputation was apparently satisfactory as he was readily accepted as the scaler by the United States Spruce Production Corporation.

2. He was checked numerous times during the course of the operation by Bureau scalers. Dean Johnson says, "15 or 20 times by R. A. Smith, who was then head of the Scaling Bureau." The results of these numerous check scales were always very close—Dean Johnson said "within 2 percent"; Carl Jacoby corrected him, "less than 1 percent."

3. Records showing the result of a specific check scale made by R. A. Smith, involving 948 M feet of fir and 1,189 M feet of spruce, were examined. The result was recorded as follows:

	Fir	Spruce
Company Scaler Donovan.....	948, 623	1, 189, 090
Check Scaler Smith.....	964, 570	1, 196, 678
Difference.....	15, 947	7, 588
Percent.....	1.7	0.6



4. A letter, dated January 25, 1933, written by R. A. Smith, is attached, wherein Mr. Smith states in the last paragraph, "I have always considered Mr. Donovan a very capable log scaler. \* \* \*"

5. C. D. Johnson Lumber Corporation states that they bought about \$1,000,000 worth of logs on scale from the Lincoln County Logging Co. which were also scaled by Donovan. The Lincoln County Logging Co. also had Donovan checked by Bureau scalers many times. Finally toward the end, according to Dean Johnson, they stopped having Donovan checked at all.

6. He was continually checked by Frank W. Peterson, district supervisor of the United States Spruce Production Corporation.

7. The Johnson Co. states that they bought contract logs, from independents, without question as to Donovan's scale.

I. D. Balderee: Has worked for the Johnson Corporation from 1929 to the present. He started out as a woods scaler. He was "under-study" to Donovan and took over the scaling after Donovan died. He was found satisfactory to the United States Spruce Production Corporation. He was checked and found satisfactory by the Bureau scalers; the results of the check scales were not available.

(Apparently the United States Spruce Corporation let down on their check scaling about the time Donovan died. Frank Peterson, the district supervisor, died also about this time and was never replaced by the United States Spruce Corporation. Instead, a man by the name of O'Kelley from the Portland office of the United States Spruce Corporation came down once a month to "check the records." He did not do any check scaling, according to Dean Johnson.)

Johnson buys logs on scale using Balderee's scale as basis of payment without question.

MASON & BRUCE.  
RALPH D. MARLATT.

OCTOBER 27, 1939.

THE JAMES D. LACEY Co.,  
Seattle, March 4, 1940.

Mr. JAMES W. GIRARD,  
*United States Forest Service, Portland, Oreg.*

DEAR JIM: Replying to your letter of March 1, the cruising standards of our company from 1914 to 1940 included as saw-timber trees down to a size sufficient to yield a 12-inch log 32 feet long. Trees below this size were shown separately as poles, piling, etc. This practice as to minimum tree size in the saw-timber classification has been common to practically all cruisers working in the Douglas-fir region as far back as my knowledge and experience goes.

Yours very truly,

THE JAMES D. LACEY Co.,  
By C. A. L.

*Footage cut from U. S. Blodgett tract as shown by general ledger account*

[Footages rounded to nearest M feet]

Year	Fir	Spruce	Hemlock	Cedar	Total	Remarks
1922-----	6 1 256 5, 161	7, 236 42, 148	779 2, 520	24 57	8, 045 1 256 49, 886	To Pacific Spruce Corporation mill. Sold to Waldport mill. Pacific Spruce Corporation by Manary Logging Co. Pacific Spruce Corporation by Lawson Logging Co. (set up as 6,770 M in special timber account).
1923-----	1 5, 725	1 70	1 838	1 349	1 6, 982	
1924-----	7, 474	39, 862	3, 718	157	51, 211	
1925-----	18, 198	39, 622	5, 939	99	63, 858	
1926-----	15, 267	21, 059	6, 374	242	42, 942	C. D. Johnson logging operation in this area down from Aug. 28, 1931, to May 1, 1935. Receiver operated mostly in camp 12 area during this period.
1927-----	5, 153	9, 825	4, 484	172	19, 639	
1928-----	920	3, 053	1, 520	63	5, 556	
1929-----	15, 006	20, 087	8, 161	83	43, 337	
1930-----	8, 467	11, 062	2, 658	4	22, 191	
1931-----	5, 986	13, 181	1, 665	10	20, 842	
1932-----						
1933-----						
1934-----						
1935-----	36, 234	8, 284	9, 036	210	53, 764	
1936-----	16, 206	3, 352	1, 651	51	21, 259	
Total...	140, 064	218, 840	49, 343	1, 521	409, 768	

<sup>1</sup> Species estimated.

Prepared by Mason & Bruce.

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